

C. W. MACKIE PLC



INTERIM REPORT NINE MONTHS ENDED 31ST DECEMBER 2012

23rd January 2013



**C.W. Mackie PLC
Income Statement**

**Company
For the**

Three months ended 31st December

Nine months ended 31st December

| | 2012 Unaudited Rs. 000's | 2011 Unaudited Rs.000's | Variance % | 2012 Unaudited Rs. 000's | 2011 Unaudited Rs.000's | Variance % |
|--|---|-------------------------------|-----------------------|---|-------------------------------|-----------------------|
| Revenue | 1,343,477 | 1,658,616 | (19.00) | 4,553,568 | 5,194,844 | (12.34) |
| Cost of sales | (1,172,153) | (1,438,934) | (18.54) | (3,993,828) | (4,608,115) | (13.33) |
| Gross profit | 171,324 | 219,682 | (22.01) | 559,740 | 586,729 | (4.60) |
| Other operating income | 14,149 | 10,196 | 38.77 | 47,742 | 33,567 | 42.23 |
| Distribution expenses | (87,788) | (86,564) | 1.41 | (270,848) | (250,642) | 8.06 |
| Administrative expenses | (46,124) | (36,009) | 28.09 | (127,961) | (103,469) | 23.67 |
| Profit from operations | 51,561 | 107,305 | (51.95) | 208,673 | 266,185 | (21.61) |
| Net financing costs | (3,069) | (4,904) | (37.42) | (9,330) | (15,299) | (39.02) |
| Profit before taxation | 48,492 | 102,401 | (52.64) | 199,343 | 250,886 | (20.54) |
| Taxation | (18,841) | (17,000) | 10.83 | (47,481) | (60,500) | (21.52) |
| Profit for the period | 29,651 | 85,401 | (65.28) | 151,862 | 190,386 | (20.23) |
| Basic earnings per share (Rupees) | 0.82 | 2.37 | | 4.22 | 5.29 | |
| Dividend per share (Rupees) | - | 1.00 | | 1.00 | 2.00 | |

**Group
For the**

Three months ended 31st December

Nine months ended 31st December

| | 2012 Unaudited Rs. 000's | 2011 Unaudited Rs.000's | Variance % | 2012 Unaudited Rs. 000's | 2011 Unaudited Rs.000's | Variance % |
|--|---|-------------------------------|-----------------------|---|-------------------------------|-----------------------|
| Revenue | 1,737,272 | 2,128,488 | (18.38) | 5,523,387 | 7,144,962 | (22.70) |
| Cost of sales | (1,554,868) | (1,886,376) | (17.57) | (4,931,130) | (6,390,846) | (22.84) |
| Gross profit | 182,404 | 242,112 | (24.66) | 592,257 | 754,116 | (21.46) |
| Other operating income | 9,538 | 17,116 | (44.27) | 38,804 | 39,158 | (0.90) |
| Distribution expenses | (83,221) | (81,778) | 1.76 | (260,917) | (247,450) | 5.44 |
| Administrative expenses | (58,851) | (48,381) | 21.64 | (166,366) | (136,857) | 21.56 |
| Profit from operations | 49,870 | 129,069 | (61.36) | 203,778 | 408,967 | (50.17) |
| Net financing costs | (12,083) | (15,427) | (21.68) | (34,680) | (49,911) | (30.52) |
| Profit before taxation | 37,787 | 113,642 | (66.75) | 169,098 | 359,056 | (52.90) |
| Taxation | (19,225) | (20,301) | (5.30) | (49,503) | (80,501) | (38.51) |
| Profit for the period | 18,562 | 93,341 | (80.11) | 119,595 | 278,555 | (57.07) |
| Attributable to: | | | | | | |
| Equity holders of the parent company | 17,607 | 93,561 | (81.18) | 115,127 | 276,250 | (58.33) |
| Minority interests | 955 | (220) | 534.09 | 4,468 | 2,305 | 93.84 |
| | 18,562 | 93,341 | | 119,595 | 278,555 | |
| Basic earnings per share (Rupees) | 0.49 | 2.60 | | 3.20 | 7.68 | |
| Dividend per share (Rupees) | - | 1.00 | | 1.00 | 2.00 | |

Figures in brackets indicate deductions.



**C.W. Mackie PLC
Balance Sheet**

| As at | Company | | Group | |
|---|--|---|--|---|
| | 31 st December 2012 Unaudited Rs.000's | 31 st March 2012 Audited Rs.000's | 31 st December 2012 Unaudited Rs.000's | 31 st March 2012 Audited Rs.000's |
| Assets | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 316,053 | 319,947 | 799,549 | 790,456 |
| Leasehold property | 93,424 | 99,796 | 93,424 | 99,796 |
| Investment property | 44,472 | 46,729 | 44,472 | 46,729 |
| Investments in subsidiaries | 497,506 | 535,175 | - | - |
| Other investments | 77 | 327 | 77 | 327 |
| Deferred tax asset | - | - | 4,652 | 4,652 |
| Retirement benefit asset | - | - | 888 | 149 |
| Total non-current assets | 951,532 | 1,001,974 | 943,062 | 942,109 |
| Current assets | | | | |
| Inventories | 410,623 | 512,932 | 558,787 | 651,352 |
| Trade and other receivables | 937,036 | 1,372,437 | 1,220,528 | 1,741,034 |
| Amount due from related parties | 153,974 | 154,811 | 27,126 | - |
| Cash and cash equivalents | 50,768 | 43,987 | 61,526 | 48,084 |
| Total current assets | 1,552,401 | 2,084,167 | 1,867,967 | 2,440,470 |
| Total assets | 2,503,933 | 3,086,141 | 2,811,029 | 3,382,579 |
| Equity and liabilities | | | | |
| Stated capital | 507,047 | 507,047 | 507,047 | 507,047 |
| Capital reserves | 705,321 | 758,501 | 546,803 | 562,316 |
| Revenue reserves | 519,823 | 388,437 | 680,028 | 585,377 |
| Total capital and reserves | 1,732,191 | 1,653,985 | 1,733,878 | 1,654,740 |
| Minority interests | - | - | 34,136 | 29,778 |
| | 1,732,191 | 1,653,985 | 1,768,014 | 1,684,518 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Interest bearing long term borrowings | - | - | - | - |
| Lease payable after one year | 881 | 4,254 | 102,226 | 98,816 |
| Retirement benefit obligation | 1,453 | 2,418 | 9,484 | 11,549 |
| Deferred tax liability | 35,524 | 35,524 | 50,976 | 50,976 |
| Total non-current liabilities | 37,858 | 42,196 | 162,686 | 161,341 |
| Current liabilities | | | | |
| Current portion of long term borrowings | - | 32,114 | - | 32,114 |
| Lease payable within one year | 4,521 | 4,590 | 18,955 | 35,068 |
| Interest bearing short term borrowings | 360,000 | 731,190 | 465,000 | 806,190 |
| Income tax payable | 21,190 | 85,686 | 21,633 | 101,807 |
| Trade and other payables/provisions | 275,905 | 459,933 | 321,653 | 512,809 |
| Amount due to related parties | 38,182 | 43,022 | - | - |
| Bank overdrafts | 34,086 | 33,425 | 53,088 | 48,732 |
| Total current liabilities | 733,884 | 1,389,960 | 880,329 | 1,536,720 |
| Total equity and liabilities | 2,503,933 | 3,086,141 | 2,811,029 | 3,382,579 |
| Net asset value per share (Rs.) | 48.13 | 45.96 | 48.18 | 45.98 |

Note : The above figures are subject to audit.

I certify that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

Signed

A. I. Piyadigama
Chief Financial Officer

The Board of Directors are responsible for preparation and presentation of these financial statements.

Signed
W. T. Ellawala
Director

23rd January 2013

Signed
A. M. de S. Jayaratne
Director



C.W. Mackie PLC
Statement of Changes in Equity

For the nine months ended 31st December

Company

| | Stated capital Rs.000's | Capital reserves Rs.000's | General reserve Rs.000's | Retained earnings Rs.000's | Total equity Rs.000's |
|--|----------------------------|------------------------------|-----------------------------|-------------------------------|--------------------------|
| Balance as at 1st April 2011 | 507,047 | 655,571 | 7,000 | 173,242 | 1,342,860 |
| Adjustment due to change in fair value | - | 85,865 | - | - | 85,865 |
| Transfer from revaluation reserve to retained earnings (Note A) | - | (15,513) | - | 15,513 | - |
| Profit for the period | - | - | - | 190,386 | 190,386 |
| First and Final Dividend 2010/11 | - | - | - | (35,989) | (35,989) |
| Interim Dividend 2011/12 | - | - | - | (35,989) | (35,989) |
| Balance as at 31st December 2011 | <u>507,047</u> | <u>725,923</u> | <u>7,000</u> | <u>307,163</u> | <u>1,547,133</u> |
| Balance as at 1st April 2012 | 507,047 | 758,501 | 7,000 | 381,437 | 1,653,985 |
| Adjustment due to change in fair value | - | (37,667) | - | - | (37,667) |
| Transfer from revaluation reserve to retained earnings (Note A) | - | (15,513) | - | 15,513 | - |
| Profit for the period | - | - | - | 151,862 | 151,862 |
| Final Dividend 2011/12 | - | - | - | (35,989) | (35,989) |
| Balance as at 31st December 2012 | <u>507,047</u> | <u>705,321</u> | <u>7,000</u> | <u>512,823</u> | <u>1,732,191</u> |

For the nine months ended 31st December

Attributable to equity holders of the parent company

| Group | Stated capital Rs.000's | Capital reserves Rs.000's | General reserve Rs.000's | Retained earnings Rs.000's | Total Rs.000's | Minority interests Rs.000's | Total equity Rs.000's |
|--|----------------------------|------------------------------|-----------------------------|-------------------------------|-------------------|--------------------------------|--------------------------|
| Balance as at 1st April 2011 | 507,047 | 577,829 | 7,000 | 251,739 | 1,343,615 | 27,545 | 1,371,160 |
| Transfer from revaluation reserve to retained earnings (Note A) | - | (15,513) | - | 15,513 | - | - | - |
| Profit for the period | - | - | - | 276,250 | 276,250 | 2,305 | 278,555 |
| First and Final Dividend 2010/11 | - | - | - | (35,989) | (35,989) | - | (35,989) |
| Interim Dividend 2011/12 | - | - | - | (35,989) | (35,989) | - | (35,989) |
| Balance as at 31st December 2011 | <u>507,047</u> | <u>562,316</u> | <u>7,000</u> | <u>471,524</u> | <u>1,547,887</u> | <u>29,850</u> | <u>1,577,737</u> |
| Balance as at 1st April 2012 | 507,047 | 562,316 | 7,000 | 578,377 | 1,654,740 | 29,778 | 1,684,518 |
| Transfer from revaluation reserve to retained earnings (Note A) | - | (15,513) | - | 15,513 | - | - | - |
| Profit for the year | - | - | - | 115,127 | 115,127 | 4,468 | 119,595 |
| Subsidiary company dividend to minority shareholders | - | - | - | - | - | (110) | (110) |
| Final Dividend 2011/12 | - | - | - | (35,989) | (35,989) | - | (35,989) |
| Balance as at 31st December 2012 | <u>507,047</u> | <u>546,803</u> | <u>7,000</u> | <u>673,028</u> | <u>1,733,878</u> | <u>34,136</u> | <u>1,768,014</u> |

Figures in brackets indicate deductions.

Note A

The revaluation surplus relating to buildings on leasehold land is transferred to retained earnings over the remaining lease period of the land.



C.W. Mackie PLC
Cash Flow Statement

| | Company | | Group | |
|--|-------------------|------------------|-------------------|------------------|
| | 2012 Rs. 000's | 2011 Rs.000's | 2012 Rs. 000's | 2011 Rs.000's |
| For the nine months ended 31st December | | | | |
| Cash flows from operating activities | | | | |
| Profit before taxation | 199,343 | 250,886 | 169,098 | 359,056 |
| <i>Adjustments for :</i> | | | | |
| Depreciation | 28,286 | 26,801 | 54,805 | 29,270 |
| (Profit) on disposal of property, plant and equipment | (2,971) | (8,800) | (9,468) | (18,194) |
| (Profit)/Loss on disposal of long term investments | 250 | (2,830) | 250 | (2,830) |
| Provision for retirement benefit | 3,198 | 2,606 | 4,322 | 4,103 |
| Interest cost | 69,421 | 59,290 | 62,097 | 71,432 |
| Interest income | (37,756) | (26,270) | (2,532) | (568) |
| Dividend income | (8,597) | (19) | (96) | (19) |
| Operating profit before working capital changes | 251,174 | 301,664 | 278,476 | 442,250 |
| Changes in working capital | | | | |
| (Increase)/decrease in trade and other receivables | 435,401 | 119,646 | 520,506 | 245,031 |
| (Increase)/decrease in amount due from related parties | 837 | (77,927) | (27,126) | - |
| (Increase)/decrease in inventories | 102,309 | 79,252 | 92,565 | 96,842 |
| Increase/(decrease) in trade and other payables/provisions | (184,028) | (197,062) | (191,156) | (226,703) |
| Increase/(decrease) in amount due to related parties | (4,840) | 247,413 | - | - |
| Cash generated from operations | 600,853 | 472,986 | 673,265 | 557,420 |
| Interest paid | (67,929) | (57,798) | (50,154) | (61,401) |
| Payments to gratuity fund | (4,700) | (6,000) | (8,488) | (6,600) |
| Income tax/ESC paid | (111,977) | (63,307) | (129,677) | (80,268) |
| Net cash flows from operating activities | 416,247 | 345,881 | 484,946 | 409,151 |
| Cash flows from investing activities | | | | |
| Purchase of property, plant and equipment | (15,066) | (7,696) | (44,784) | (17,828) |
| Proceeds from disposal of property, plant and equipment | 2,995 | 8,976 | 9,492 | 18,370 |
| Proceeds from disposal of long term investments | - | 2,905 | - | 2,905 |
| Dividend received | 8,597 | 19 | 96 | 19 |
| Net cash flows from investing activities | (3,474) | 4,204 | (35,196) | 3,466 |
| Cash flows from financing activities | | | | |
| Long term borrowings obtained/(repayments) | (32,114) | (25,076) | (32,114) | (25,076) |
| Short term borrowings obtained/(repayments) | (371,190) | (217,698) | (341,190) | (227,698) |
| Lease rental paid | (5,116) | (5,116) | (33,903) | (25,279) |
| Interest received | 37,756 | 26,270 | 2,532 | 568 |
| Dividend paid | (35,989) | (71,978) | (35,989) | (71,978) |
| Net cash flows from financing activities | (406,653) | (293,598) | (440,664) | (349,463) |
| Net changes in cash and cash equivalents | 6,120 | 56,487 | 9,086 | 63,154 |
| Cash and cash equivalents at beginning of the year | 10,562 | (79,867) | (648) | (95,614) |
| Cash and cash equivalents at the end of the year (Note A) | 16,682 | (23,380) | 8,438 | (32,460) |
| Note A | | | | |
| Cash and cash equivalents | 50,768 | 38,035 | 61,526 | 43,375 |
| Bank overdrafts | (34,086) | (61,415) | (53,088) | (75,835) |
| | 16,682 | (23,380) | 8,438 | (32,460) |

Figures in brackets indicate deductions.



C.W. Mackie PLC
Notes to the Interim Financial Statements

1. Segmental Information – Group
For the nine months ended 31st December

| | Revenue | | Segmental Profit | |
|----------------------------------|-----------|-----------|------------------|----------------|
| | 2012 | 2011 | 2012 | 2011 |
| Export trading | 1,362,284 | 2,368,261 | 107,346 | 172,060 |
| Manufacture for export | 986,108 | 1,951,731 | 81,923 | 188,681 |
| Domestic trading | 3,172,935 | 2,823,466 | 429,076 | 412,595 |
| Other | 2,060 | 1,504 | (26,088) | (19,220) |
| | 5,523,387 | 7,144,962 | 592,257 | 754,116 |
| Other operating income | | | 38,804 | 39,158 |
| Operating overheads | | | (427,283) | (384,307) |
| Net finance costs | | | (34,680) | (49,911) |
| Taxation | | | (49,503) | (80,501) |
| Net profit for the period | | | 119,595 | 278,555 |

2. Basis of Preparation

The Company and its subsidiaries follow the same accounting policies as in the Annual Report for the year ended 31st March 2012.

Income Statement for the period ended 31st December 2012 and the Balance Sheet as at 31st December 2012 have been drawn up from unaudited accounts of the Company and its subsidiary companies and prepared in accordance with Sri Lanka Accounting Standards (SLAS 35). These provide the information required by the Listing Rules of the Colombo Stock Exchange.

The presentation and classification of the financial statements of the previous period have been amended, where relevant, for better presentation and to be comparable with those of the current period.

3. Contingent Liabilities and Capital Commitments

There has not been a significant change neither in the nature of the contingent liabilities nor in the capital commitments, which were disclosed in the Annual Report for the year ended 31st March 2012.

4. Events After the Balance Sheet Date

Subsequent to the date of the Balance Sheet, no circumstances have arisen that would require adjustment or disclosure in the financial statements.

5. Dividends Paid

A final dividend of Rs. 1/- per share amounting to Rs. 35,988,556/- for the financial year ended 31st March 2012 authorised for distribution by the Directors was approved by the shareholders of the Company at the Annual General Meeting held on 27th June 2012 and was paid to the Shareholders on 9th July 2012.

6. Effect of New Accounting Standards issued

Following the convergence of Sri Lanka Accounting Standards with the International Financial Reporting Standards, all existing Sri Lanka Accounting Standards will be prefixed as SLFRS or LKAS which refers to Sri Lanka Accounting Standards corresponding to IFRS or IAS, respectively.

In accordance with the ruling issued by the Institute of Chartered Accountants of Sri Lanka on “Comparative figures in the interim financial statements”, C.W.Mackie PLC Group has adopted option 2 as given in such ruling in terms of which these interim financial statements were prepared in accordance with the Sri Lanka Accounting Standards (SLAS) that existed immediately prior to 1st January 2012. The Group is currently in the process of evaluating the potential effects of these standards on its financial statements. Accordingly following areas will create an impact to the Statement of Comprehensive Income for the period and Net Assets of the Company based on SLFRS/LKAS:

Areas that will create an impact to the Statement of Comprehensive Income

- Impairment on trade receivables
- Measurement of finance leases at effective interest rate



C.W. Mackie PLC
Notes to the Interim Financial Statements (Contd.)

6. Effect of New Accounting Standards issued (Contd.)

Areas that will create an impact on Other Comprehensive Income

- Measurement of securities available for sale at fair value
- Actuarial gain/loss on employee benefits

Areas that will create an impact to the Net Assets

- Derecognition of leasehold property
- Measurement of investment property under revaluation module
- Measurement of investment in subsidiary companies under cost module
- Recognition of actuarial gain/loss on employee benefits, immediately in the other comprehensive income statement
- Measurement of securities available for sale at fair value
- Impairment on trade receivables
- Measurement of finance leases at effective interest rate

However financial statements based on Sri Lanka Accounting Standards (SLFRS/LKAS) will be prepared for the year ending 31st March 2013.

7. Share Information

7.1 Twenty Largest Shareholders as at 31st December 2012

| | Name of Shareholder | No. of Ordinary Shares (Voting) | % |
|----|--|---------------------------------|-------|
| 1 | Lankem Ceylon PLC | 12,267,526 | 34.09 |
| 2 | Seylan Bank PLC/Dr. T. Senthilveri | 10,765,575 | 29.91 |
| 3 | Kotagala Plantations PLC | 7,157,857 | 19.89 |
| 4 | Pan Asia Banking Corporation PLC/Lankem Ceylon PLC | 1,779,285 | 4.94 |
| 5 | Amana Bank Limited | 526,000 | 1.46 |
| 6 | Mr. P. Anandarajah | 160,200 | 0.45 |
| 7 | Navara Capital Limited | 155,100 | 0.43 |
| 8 | Mr. M. A. Lukmanjee | 155,000 | 0.43 |
| 9 | Nuwara Eliya Property Developers (Pvt.) Ltd. | 138,900 | 0.39 |
| 10 | Mr. T. L. M. Imtiaz | 135,901 | 0.38 |
| 11 | Mr. M. Radhakrishnan (Deceased) | 130,000 | 0.36 |
| 12 | Mr.H. N. De Silva | 125,000 | 0.35 |
| 13 | Mr. M. M. Mohamed Makeen | 101,027 | 0.28 |
| 14 | Sir F. I. Rahimtoola | 90,000 | 0.25 |
| 15 | Employees Provident Fund | 89,700 | 0.25 |
| 16 | Mr. M. M. M. Mizver | 80,996 | 0.23 |
| 17 | Mr. C. R. D. Fernando | 65,558 | 0.18 |
| 18 | Mr. Z.G. Carimjee | 57,000 | 0.16 |
| 19 | Mr. R. A. Rishard | 54,100 | 0.15 |
| 20 | Andaradeniya Estate Private Limited | 50,000 | 0.14 |

7.2 Percentage of public holding as at 31st December 2012 is 11.17%

7.3 Directors' Holding in Shares

| Name of Director | No. of Shares As at 31 st December 2012 | No. of Shares As at 31 st December 2011 |
|---|--|--|
| W. T. Ellawala (Chairman/CEO) | 500 | 500 |
| Ms. C. R. Ranasinghe | 100 | 100 |
| A.M. de S. Jayaratne | Nil | Nil |
| R. C. Peries | Nil | Nil |
| Anushman Rajaratnam | Nil | Nil |
| S. D. R. Arudpragasam | Nil | Nil |
| Dr. T. Senthilveri | 10,765,575 | 10,765,575 |
| H. D. S. Amarasuriya | Nil | Nil |
| K. T. A. Mangala Perera (from 2 nd April 2012) | Nil | N/A |
| Alagarajah Rajaratnam (from 27 th June 2012) | Nil | N/A |



C.W. Mackie PLC
Notes to the Interim Financial Statements (Contd.)

7. Share Information (Contd.)

7.4 Share Price

| | 3 months to | 3 months to |
|-------------------|--------------------------------------|--------------------------------------|
| | 31st December 2012 | 31st December 2011 |
| | Rs. | Rs. |
| Highest Price | 79.80 | 102.90 |
| Lowest Price | 65.00 | 85.00 |
| Last Traded Price | 77.80 | 89.90 |

7.5 Stated Capital of the Company represents 35,988,556 ordinary shares.

Signed
W. T. Ellawala
Chairman/Chief Executive Officer

Signed
C. R. Ranasinghe
Director/Company Secretary

Colombo, 23rd January 2013

REGISTERED OFFICE
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E-mail : info@cwmackie.com
website : www.cwmackie.com

DIRECTORS
W. T. Ellawala, Ms. C. R. Ranasinghe, A. M. de S. Jayaratne
R. C. Peries, Anushman Rajaratnam, S. D. R. Arudpragasam, Dr. T. Senthilverl
H. D. S. Amarasuriya, K. T. A. Mangala Perera, Alagarajah Rajaratnam